

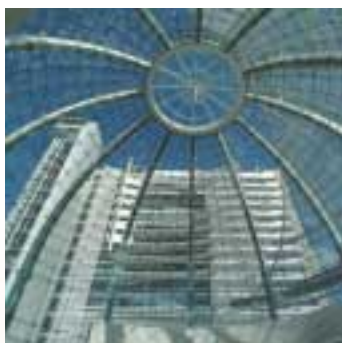
The background of the cover is a low-angle photograph of modern skyscrapers against a blue sky with light clouds. The buildings have glass facades and some balconies. In the foreground, several tall, thin flagpoles are visible, some with flags. A white vertical banner is on the right side, containing the title and year. A yellow triangle is at the top of the banner.

Annual
Corporate
Report

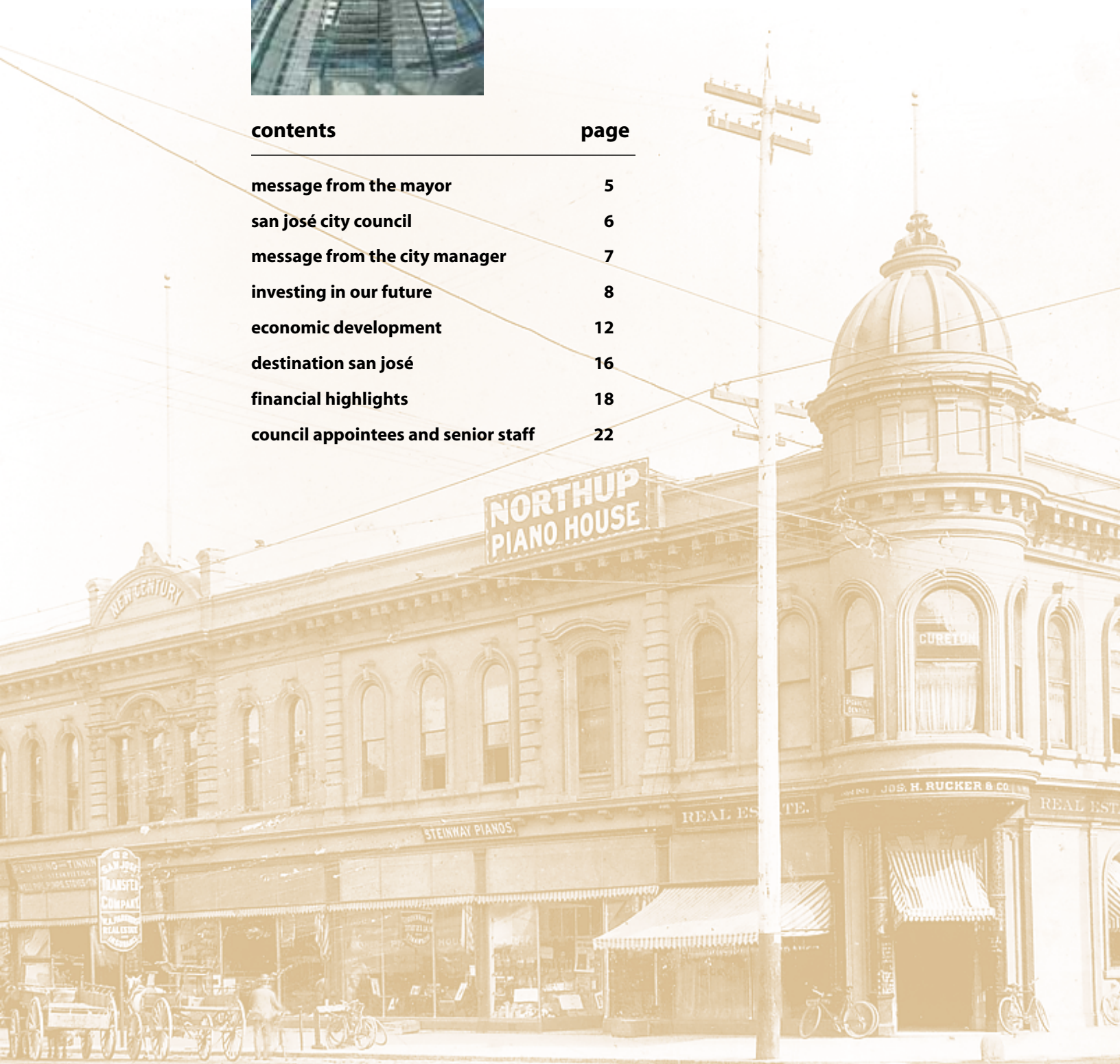
2005

City of San José





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introduction to a first class City

San José—Capital of Silicon Valley

10th largest City in the United States

#1 Recycler among nation's largest cities

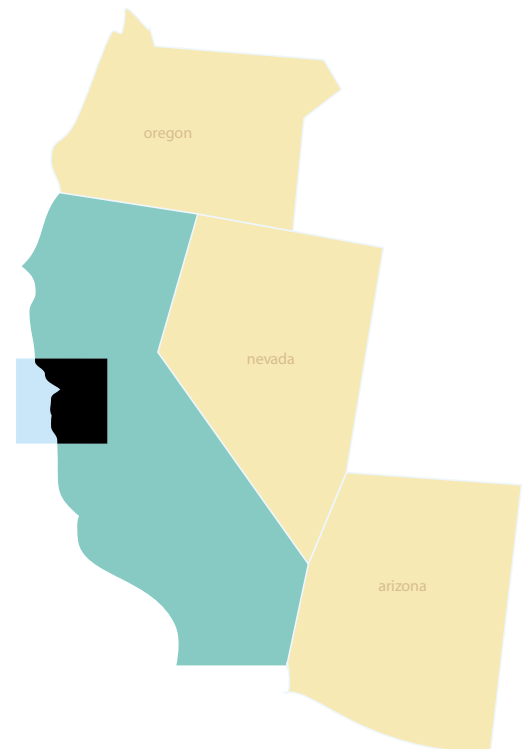
Safest big City in the United States

First major new City Hall of the 21st Century

Highest credit rating of any large city in California

#1 in median household income in the United States

Highest per capita library circulation and number of library visits of ten largest cities





message from the mayor

With the opening of the new San José City Hall this year, we marked a major milestone that reflects our community's confidence and hopes for the future of this great city. The new City Hall represents our continuing commitment to provide quality services to our entire community, and it is a bold symbol for the innovation, vision, and hard work that are so characteristic of the people of San José.

We have also continued our hard work to make progress on our promises for safe and clean neighborhoods, a vibrant downtown, and investments in long-term quality of life and prosperity. I am proud of our accomplishments over the past year to make San José an excellent place for our residents to live and our businesses to thrive, despite the persistent economic challenges we face in Silicon Valley.

Examples of this progress include our ambitious creation of affordable housing, exciting new events like the San José Grand Prix, the start of major improvements at our airport, and an incredible construction program throughout the community to improve our neighborhoods, parks, libraries, and public safety facilities. Our many partnerships with our residents, schools, businesses, and other agencies have led to innovative solutions that have become models for other cities across the country.

It is testimony to the creativity, skill and dedication of our City of San José employees and the support we have from our community that we have achieved so much, even with the difficult budget choices we must continue to make year after year. The coming year will be difficult again, and we must therefore keep working with the entire community to achieve the most important goals for our residents and businesses.

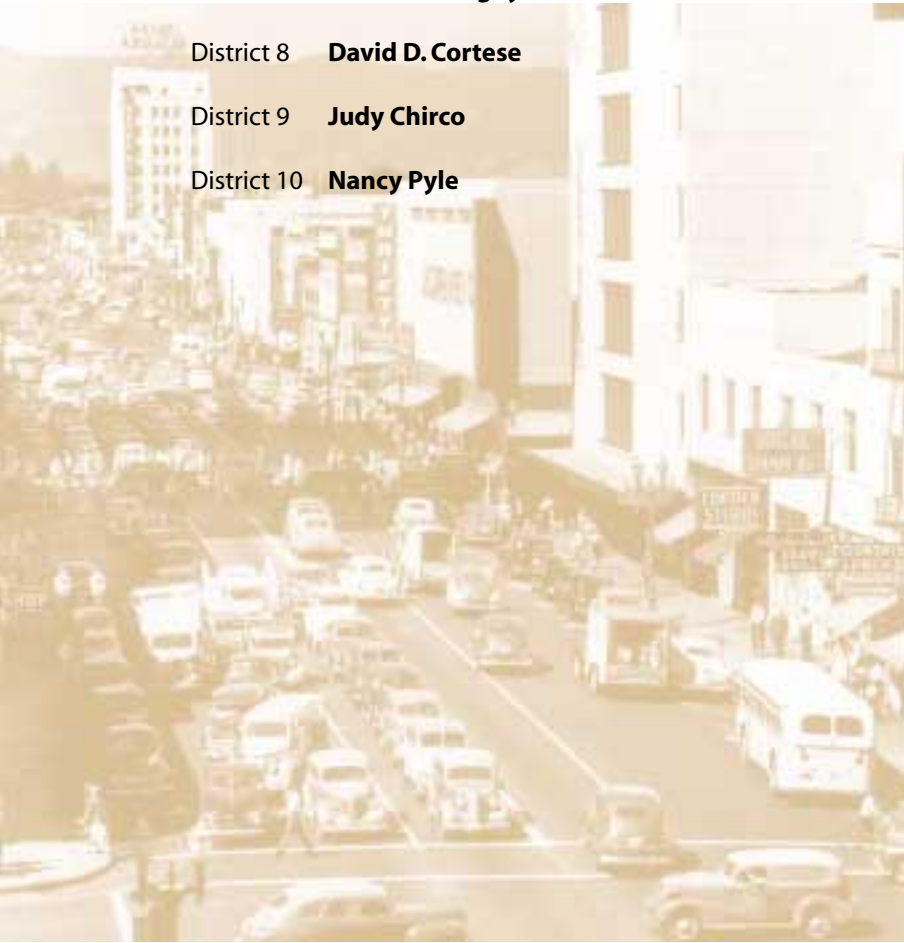
San José is one of America's great cities, and I have every confidence that by working together, we can make our city even better.

Ron Gonzales
Mayor



san josé city council

-
- District 1 **Linda J. LeZotte**
- District 2 **Forrest Williams**
- District 3 **Cindy Chavez, Vice Mayor**
- District 4 **Chuck Reed**
- District 5 **Nora Campos**
- District 6 **Ken Yeager**
- District 7 **Madison P. Nguyen**
- District 8 **David D. Cortese**
- District 9 **Judy Chirco**
- District 10 **Nancy Pyle**



Linda J. LeZotte



Forrest Williams



Cindy Chavez



Chuck Reed



Nora Campos



Ken Yeager



Madison P. Nguyen



David D. Cortese



Judy Chirco



Nancy Pyle



message from the city manager

For San José, 2004-05 was a year of significant change. As a center for innovation and creativity, San José is recognized as a good place to live and work, and this year our growing population pushed us onto a select list as the 10th largest city in the country.

More visible than this significant demographic milestone, however, was the opening of the new San José City Hall, the first major new U.S. City Hall in the 21st century. This striking change to the San José skyline, is already improving the way we deliver services. A customer service center on the first floor brings together workers from many departments to make conducting business with the City easier. With its modern design, engaging public spaces and central downtown location, the new City Hall is fast becoming a popular destination for residents and visitors alike.

Following years of preparation, work began this year to improve terminal spaces at Mineta San Jose International Airport, a major regional asset that is critical to our economic health. Ground was broken and work initiated on a new terminal/concourse that will greatly enhance the passenger experience.

With the regional economic slump continuing, the City continued to experience a significant budget challenge this past year. The organization now operates with staffing levels equivalent to those of seven years ago. While this continues to present service delivery challenges, the City's AA+ bond rating remains the strongest of any large city in California.

Efforts to maintain and strengthen San José's economic vitality continued with several significant achievements. City staff have worked closely with major companies like eBay, BEA Systems and Hitachi to keep their expansions, as well as the jobs they create, in San José. Our business appreciation initiative provides critical ongoing feedback from large employers on other ways we can improve. Raising San José's visibility on the national stage, the San José Grand Prix was televised internationally and brought significant tourism dollars to the region as 150,000 fans crowded into downtown to watch cars race through the streets of our City.

San José has a well-earned reputation for creativity and innovation. Readers of this Annual Corporate Report will see that we continue to capitalize on these assets, while adapting our services and programs to provide for the economic health of the City and the quality of life for all of our residents.

Del D. Borgsdorf
City Manager

investing in our future

As San José passes the midpoint of its “Decade of Investment,” residents continue to see this improvement program paying off in their own neighborhoods and across the City. New construction and upgrades for public safety facilities, community centers, libraries, parks and transportation were among 186 capital projects completed in fiscal year 2004-05. Since the City initiated its expanded Capital Improvement Program, nearly 800 projects have been completed, positive proof of a commitment to responsible, long-term investment in community facilities and infrastructure in the country’s 10th largest city.

City Hall

The most visible project was the new San José City Hall. This new community landmark, an impressive symbol of San José’s investment in the future, opened this summer to rave reviews. The building hosted its first council meeting in August 2005 and two months later, welcomed the community for its official Grand Opening marking the completion of major construction.

Preparations to relocate City staff began more than two years before the actual move, a logistical challenge heightened by the need to deliver uninterrupted services, even as 1700 employees moved into the new facility from 11 different locations throughout the City. When the time came, each phase of the transfer occurred exactly on schedule.

The new City Hall enables the organization to serve its customers more efficiently. During the first week of operations, the Customer Service Center on the first two floors served 1,425 customers. In those five days, business transactions totaled 788 and more than 600 development service permits were issued.

The dramatic glass-enclosed rotunda stands 10 stories tall, and is a unique space for community meetings and public events. Many organizations are already making use of the space, as well as the 2.5 acre civic plaza that surrounds it. Also available for public use is the 7,000-square-foot Council Chambers with theater-style seating for 334 people. This facility, complete with high-tech audio/video technology, is designed to encourage audience participation. In the 18-story office tower, panoramic views of the valley and surrounding hills can be found from many of the more than 100 meeting rooms, many of which should be available for public use in the future.

Rotating exhibit spaces inside City Hall are currently programmed by History San Jose, whose panoramic photos, historic artifacts, maps and paintings help celebrate the people, creativity and growth of San José. A unique water feature entitled Waterscape, which graces the plaza in front of the rotunda, is inspired by the environmental, hydraulic and geological dynamics that underly the Santa Clara Valley. The Parade of Floats that lines Fifth Street north and south of City Hall, is a series of 16 permanent sculptures whose themes reflect community priorities such as innovation, diversity and the arts.





Bond Projects

Many of the other visible community improvements this year were funded by \$600 million in bond measures approved by San José voters in 2000 and 2002. Thanks to the Safe Neighborhoods Parks and Recreation Bond, five San José neighborhoods now enjoy new or upgraded community centers, like the new 12,400-square-foot Gardner Community Center. And in the Berryessa, Tully and Alum Rock areas, residents are visiting brand new branch libraries, constructed with money from the Neighborhood Libraries Bond.

Eight of San José's 31 fire stations were renovated in 2004-05, as part of the \$159 million Public Safety Bond. Land acquisition is also under way for several new fire stations throughout the City, and planning has commenced for San José's first police substation—a \$75 million project on a 12-acre parcel in south San José. When the full-service substation is completed in about three years, it will serve the residents of Almaden Valley, Coyote Valley, Blossom Valley and Evergreen, cutting response times and commute times for officers serving these areas of San José.



More Highlights

The Strong Neighborhoods Initiative (SNI), a partnership between the City and the community, builds clean, safe and strong neighborhoods. By combining City and Redevelopment Agency resources with those of property owners, business owners, and individual community members, the City is building neighborhood improvements that reflect the priorities of those who live there.

As a result, SNI projects vary as widely as the communities they serve—from transportation improvements like the widening of King Road in the West Evergreen area, to landscaping and property improvements to the Richmond/Menker apartments. New housing came to the Brookwood Terrace and Gateway East neighborhoods, and new parks, including the Plata Arroyo Skate Park, complemented additions and improvements to many existing parks. The pace of the SNI program shows no signs of letting up, as nearly 80 additional projects are now in the design or construction phase.



Another very visible result of this year's Capital Improvement Program is the \$18 million San José Animal Care Center, which opened its doors in fall 2004, providing animal shelter and field services to San José as well as four surrounding communities.

investing in our future

In 2004-05, the city continued its forward-looking approach to capital improvement planning, awarding an additional 120 upcoming projects, valued at nearly \$200 million. Chief among those are:

- 40 Recreation & Cultural projects, including the Hillview, Cambrian and Evergreen branch libraries
- 20 Environmental & Utility projects, including the \$69.5 million Water Pollution Control Plant Wet Weather Reliability project
- 10 Aviation projects, valued at more than \$7 million
- 47 Transportation projects for more than \$21 million

These substantial financial commitments clearly demonstrate the City's resolve to establish a solid foundation of infrastructure and community facilities to serve the people of San José for decades to come.

Airport

Norman Mineta San José International Airport marked several key accomplishments in 2004-05, including the completion of the \$23.6 million Runway 30L extension project, which maximized the length of the runway to 11,000 feet. Additionally, customer service improvements in various areas of Terminal C were finalized, and construction of a new passenger facility officially got underway with a groundbreaking in August 2004.

True to the City's tradition of community outreach, the airport this year initiated a number of meetings with facility stakeholders regarding a variety of airport-related topics. As one example, workshops hosted by the Airport Neighborhood Services Group throughout the year reached more than 500 local and small-business owners interested in airport concessions opportunities.

Diligent community outreach, combined with aggressive enforcement, led to a significant reduction this year in non-compliant noise incidents at the airport. Compared with the previous year, there was a 57 percent drop in non-compliant intrusions, and a 13 percent reduction in the number of complaints.

Continuing its mandate to provide noise protection to homes near the airport, the Acoustical Treatment Program outfitted more than 250 homes in the Rosemary Gardens and Guadalupe/Washington neighborhoods with new windows, doors, air conditioning systems and attic insulation. Thus far, the program has treated approximately 1,700 homes.

Besides its work within the community, the airport also used internal channels to promote economic development opportunities for the facility. Working with the City's Economic and Neighborhood Development and Strategic Support staff ensured the City's acquisition of about 75 acres of property from the FMC Corporation. The airport's lease on this property allows it to establish interim uses that will support airport operations and provide important flexibility in addressing future needs.





Technology

During the past year, the City has paid particular attention to its use of technology in fostering participatory government, enhancing the efficiency of City staff and providing helpful, convenient services for the public. The state-of-the-art audio and visual system in the new City Council Chambers, for example, was specifically designed to help audiences understand and follow council actions, and give attendees a clear view of meeting proceedings.

In March 2005, the City Council approved a \$5.3 million bid by Nortel Networks to provide a powerful communications network for the new City Hall. The converged network features voice, data, video, wireless and Internet Protocol multimedia capabilities-allowing city officials to collaborate more easily and serve residents more effectively. The system supports interactive communication between the City and its residents, and allows network access to officials while traveling or telecommuting. Core infrastructure for Voice over Internet Protocol (VoIP) was deployed at the new City Hall in June. This infrastructure will serve as the backbone for future rollouts to other city facilities.



Another significant example of how the City's use of technology benefits both staff and public is in the Library's e-commerce program. In June, residents quickly discovered the convenience of applying for library cards and paying fines online. During the first three weeks of service-before any formal announcement had been made-the Library collected nearly \$20,000 in fines online. Also, nearly all applications for new library cards are now initiated online, either through remote computers with Internet access or from computers in San José's public libraries.

The popular e-commerce program joined other technology-related services that the Library began offering earlier this year, including downloadable digital audio books, a trilingual library catalog interface, translations of select information on the library website and the addition of MP3 CDs to the library's media collections.



economic development

Led by clear strategies and a compelling vision, the City of San José made impressive strides this year in strengthening and enhancing the foundation for its economic future, building on an economic development strategy first adopted in 2003. The City sought honest feedback on the business climate within its borders, and responded by implementing new programs, forging partnerships with community and business leaders and tracking the performance of ongoing development efforts. In a 2004 study session, progress was reviewed and revisions made to the many projects under the umbrella of the Mayor's Getting Families Back to Work program. Providing evidence that economic development is a citywide business in San José, these projects involve teams from 18 different City departments.

North San José

Among key achievements in 2004-05 were important modifications to the development policy for North San José. These changes will allow more efficient land use and more supportive commercial development and housing in strategic locations. Working together, the Office of Economic Development, Redevelopment Agency, Planning, Building and Code Enforcement and Public Works, as well as the Parks, Fire and Police departments, created the North San José Vision 2030 initiative.

Staff conducted more than 50 public meetings with residents and representatives of development and business to gather feedback on how best to prepare for future workplace and living needs in the area. With the largest concentration of multi-national companies headquartered within its boundaries, North San José is the world's premier technology park. Vision 2030 presents a creative approach to ensuring its ongoing success, which include plans to add up to 26.7 million square feet of office space, up to 1.7 million square feet of retail and 32,000 housing units.

Coyote Valley

At the City's southern edge, significant advances were made this year in preparing the Coyote Valley Specific Plan, which aims to create a new, mixed-used neighborhood on 3,400 acres in San José's Coyote Valley. The City Council accepted draft reports on the plan's infrastructure and land use concepts, and considered a greenbelt strategy and a draft environmental impact report. Public involvement remains a cornerstone of this project as well, in the form of ongoing community meetings, workshops and focus groups.

Hitachi

Recognizing its crucial role in ensuring San José's strong economic future, the City backed up its support of both large and small businesses in 2004-05 by helping to streamline its processes and facilitating commercial and industrial growth.





A prime example, the Hitachi project was first brought before the public at the beginning of the fiscal year, and later came to represent a national model in government innovation. International electronics giant Hitachi currently occupies 334 acres on Cottle Road in south San José, but the company needed an updated workplace plan to support its modern office and research, development and manufacturing operations. City staff from multiple departments quickly mobilized to help facilitate such a plan, its environmental clearance and related General Plan amendments and zoning permits. What resulted are plans for a new \$250 million headquarters and research campus for Hitachi in the Evergreen area to complement its manufacturing and development functions at its Cottle Road location. Beyond encouraging additional employment opportunities by keeping the company and its expansion in San José, this mixed-use project also creates nearly 3,000 housing units on a transit corridor, and adds about 450,000 square feet of needed retail to the area.

Small Business Support



Smaller businesses, too, benefited from the City's economic development drive this year, as the City launched its Small Business Ambassador Program, to assist small-business owners in finding locations for or expanding their businesses. The program expedites the permit process by assigning a personal ambassador as a single point of contact for each project. Because the idea of starting a business can seem overwhelming, the ambassador program is designed to help owners open the doors to their businesses with less expense and fewer surprises.

In another move to engage the private sector, the City kicked off its Business Appreciation Initiative in 2004-05. Senior City representatives were matched as "account managers" with executives at 100 key companies that are fast-growing, significant sales tax generators and employers of more than 1,000 workers. Members of the initiative conducted introductory meetings with 80 major companies, then provided personalized follow-up with each of their accounts, earning both written and verbal appreciation from many company executives.

One Start Center



The One Start Center began as a pilot program in the old City Hall building in early 2004, as a direct result of the Getting Families Back to Work sessions. Responding to customer feedback, the Center co-located representatives of several City departments in one location where their combined staffs delivered more efficient service to customers navigating the permit process.

This successful model has been incorporated on a larger scale at the new City Hall, where the first floors of the office Tower feature convenient access to the City services used most frequently by residents and businesses in a new Customer Service Center. The Center, incorporating the City's small-business assistance programs, provides visitors with helpful, up-front information,

economic development

convenient access to residential and commercial development services staff and combined cashiering functions.

Other customer service improvements this year include expanded operating hours, additional technology to manage customer flow, and new service policies that emphasize project coordination and problem-solving, and improve turnaround times for project review.

Housing

A shift in the City's skyline is also expected in the near future, as more than 3,800 units are being planned for the Greater Downtown area. More than half of those units are earmarked for nine high-rise developments, which is consistent with the City's goal to focus housing development near major transit corridors.

In 2004-05, the City's longstanding focus on building affordable housing remained steadfast, and San José continued to earn its rank as the state's top producer of affordable units, outpacing Los Angeles, San Diego and San Francisco. From January 1999 through June 30, 2005, the number of affordable housing units completed or under construction totaled 9,270 and an additional 1,425 units are budgeted. These numbers will surpass the Mayor's goal of seeing 10,000 affordable units built or under construction by December 2006. The new units cater to families, seniors and special-needs households at income levels from low to extremely low.

For local teachers, the City's commitment to helping educators live where they work continued to pay off. Since its inception five years ago, the award-winning Teacher Homebuyer Program has assisted nearly 500 teachers who use City-provided deferred payment and/or below-market interest loan programs to increase their housing opportunities. As a result, in 2004-05, approximately 95 percent of all program participants took advantage of other homebuying options with assistance from the Teacher Homebuyer Program.

Education

As San José teachers benefited from City programs this year, so also did their students. The San José After School (SJAS) program served more than 30,600 youngsters in 2004-05, providing tutoring and homework assistance, recreation and comprehensive academic programs. The after-school program, funded by the City and by state and federal grants, has been designated as an "Exemplary Practices Learning Lab" by the state of California. Services are provided by San José Parks, Recreation and Neighborhood Services, the Library, schools and community organizations.

A recent survey showed gains over last year in all levels of the program, from satisfaction rates to reading ability. As an example, 81 percent of children participating in SJAS's comprehensive academic program with recreation and homework assistance posted a positive change in their ability to read – 13 percent increase over last year's figure.





For younger children, the City's collaborative Smart Start San José (SSSJ) program geared up to reach a City goal of 4,100 childcare spaces by 2010. Made up of parents, school administrators, early childhood development professionals and City staff, the SSSJ group developed funding strategies to create new, affordable, quality childcare facilities that meet SSSJ standards. The Redevelopment Agency has made approximately \$3 million available to applicants who meet provider standards and are able to operate a fiscally viable program. This year, the Library made smaller grants available to existing childcare providers for upgrades to their facilities. Next year, these providers will add more than 1,100 improved childcare spaces to the Smart Start San José roster.



City programs support local education at all levels, including the highest one. During the fiscal year, the San Jose State University and City Executive Team met twice, in November 2004 and in March 2005, to identify and discuss several team projects. These collaborative efforts include developing a plan for the south campus area, integrating wireless infrastructure, creating a faculty-staff housing partnership and a public sector career initiative. Tangible evidence of the City's productive working relationship with SJSU was presented at the Getting Families Back To Work session in August 2004, when the City released "Beyond MLK: A Framework for University-City Collaboration," referencing the unique and highly successful joint City-University Library.



destination san José

San José continues to build upon its reputation as Silicon Valley's cultural and creative hub. A full calendar of events, this year, highlights the City's diverse population, beautiful weather and natural environment as well as its impressive array of unique public facilities. Well known celebrations like the International Mariachi Festival, the Vietnamese Tet Festival and the San Jose Jazz Festival were joined by new events, all adding to the cultural and economic vitality of the City.

eBay Live

Internet auction giant eBay, brought 11,000 eBay evangelists to its annual user conference in San José in June, 2005. Headquartered in San José, eBay announced it would keep its corporate headquarters in San José in 2003, also announcing plans to add offices in North San José. At its users conference, eBay enthusiasts enjoying San Jose amenities gave the local economy a boost by spending an estimated \$8.2 million.

The eBay conference also kicked off Access San José, a new approach to attracting meeting business to San José that views the entire downtown area as an expanded convention center. Through the Access San José initiative, the City, Redevelopment Agency and Team San José have partnered to create an exciting, open meeting environment. Investments in additional infrastructure, such as the near-term/tent structure expansion at the Convention Center, help draw more significant convention business to San José.

San José Grand Prix

Complementing the roar of engines during the first annual Taylor Woodrow Grand Prix of San José champ car race in July were the sounds of 150,000 people enjoying the festivities and patronizing downtown businesses throughout the three-day event. Working to meet a short timeline, City staff from many different departments teamed up to prepare for the thrill of live car racing-the first of its kind event in San José.

The success of the Grand Prix was evident not only in the number of attendees, but also in the many positive stories shared by downtown businesses, which made the most of the crowds. In all, economic impact from the inaugural race is estimated at nearly \$42 million. Television audiences from around the world were treated to impressive views of San José as well, as racers sped through the picturesque streets in the heart of downtown. The excitement of champ car racing will return to San José for the next four years under the terms negotiated by the City.





Cirque du Soleil

In Fall 2004, Cirque du Soleil officials announced that they would return to San José for their new show, Corteo, in winter 2006. Meeting the unique space needs of this internationally renowned show can be challenging, but the City team was able to identify several potential sites for the Cirque planning team.

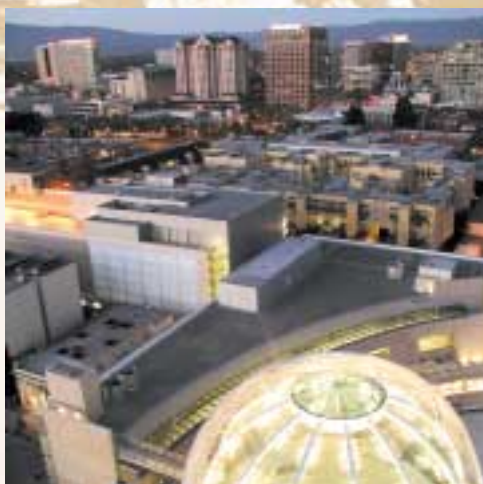
Ultimately, the parking lot adjacent to the old City Hall was selected as the location for the 2006 show. A City-Cirque team is developing plans for site improvements and alterations, parking and traffic management and communications in order to finalize all logistics and initiate all site improvements by fall 2005. Cirque du Soleil is expected to begin occupying the property in early December. The 60 shows it plans to present to San José will bring an estimated 160,000 visitors to the City.

ISEA/Zero One

The Inter-Society for Electronic Arts (ISEA) also selected San José to host its 13th annual International Symposium on Electric Art in August 2006. An international non-profit organization, ISEA fosters exchanges among culturally diverse groups working in the areas of art, science and emerging technologies. Past symposiums, which are held every two years, have been in such cities as Helsinki, Paris, Sydney, Chicago and Nagoya.

During 2004-05, the City's Office of Economic Development continued its collaboration with other San José-based groups organizing the event. Leading the effort is ZeroOne, a San José art and technology network, which is presenting its own milestone festival in conjunction with the symposium. The week-long celebration of art and technology will feature exhibitions of hundreds of international artists at dozens of locations, nightly performances, industry-sponsored artist residencies, public lectures, special summits, tours, workshops and citywide art installations.

Winning the international competition to host the ISEA symposium was especially satisfying for the City, as the event offers an unprecedented opportunity to advance San José's reputation as an established global center of technology innovation and creativity. Some 3,000 attendees from 50 nations are expected to attend the symposium, and about 50,000 people will turn out for the ZeroOne festival. Most of the action for this event will take place in the downtown area, and interdepartmental coordination will again play a key role in preparing for the festival. Department representatives met throughout 2004-05 to discuss logistics, share ideas and work on a comprehensive plan for ensuring that all goes smoothly next summer.



financial highlights

With little signs of economic recovery, the 2004-2005 Adopted Budget was developed with the assumption that the City would continue to face a sluggish economy through the year and that the City's economically sensitive revenues would experience flat or only slight growth. Under these financial circumstances, the 2004-2005 Adopted Budget closed a General Fund gap of \$69.8 million. In addition, as a result of State budget actions, the City Council was forced to address an additional \$11.4 million shortfall early in the fiscal year. These deficits were closed through a combination of ongoing cost reductions, fee increases, and the strategic use of reserves and one-time revenues.

A review of the 2004-2005 year-end fiscal results confirms the accuracy of the basic assumptions that were used to develop the budget for that year and the next. Our economically sensitive revenues experienced only slight growth. Aggressive cost saving measures, however, remained in effect through the year, generating savings of \$5.2 million in the General Fund that were placed in a reserve to help address the anticipated budget shortfall in 2005-2006. Financial performance in the areas not supported by the General Fund generally ended the year as anticipated. The Airport, which continues to be significantly impacted by the economic downturn, was able to maintain customer service levels with the limited resources available. Recycling and garbage services, sewer and storm drain operations, and water service provided by the Municipal Water System all continued to meet the needs of their customers. In addition, capital projects were delivered at a record pace. Using dedicated funding, major improvements to the City's parks, libraries, public safety facilities, the Water Pollution Control Plant, the Airport, and the sewer system continued through 2004-2005.

While the fiscal environment remained challenging, employee layoffs were again avoided and the City's core services have remained generally intact, although often at a reduced level. It is the City Council's continued adherence to its long held conservative fiscal policies that have guided this City through one of the worst economic downturns in the last several decades. As an indication of the success of those policies, San José continues to receive a strong AA+ bond rating, the highest of any major California city.

As we planned for the 2005-2006 budget, a continuation of this conservative approach to fiscal management was necessary to close an additional funding gap of \$58.1 million through service reductions, modest fee increases and the use of one-time reserves. Counting the 2005-2006 Adopted Budget actions, General Fund budget reductions have totaled approximately \$260 million over the past four years and the workforce has been reduced by approximately 10% from 7,453 to 6,672 positions. With no tangible signs that a significant improvement in the City's fiscal situation is near, it is likely that the City will face continued budget difficulties over the next few years. This will require the City to maintain its focus on City Council priorities, directing resources toward essential services, meeting basic infrastructure needs, taking advantage of economic development opportunities, and maintaining the strong commitment to neighborhoods.



awards

Distinguished Budget Presentation Award and Special Performance Measures Recognition

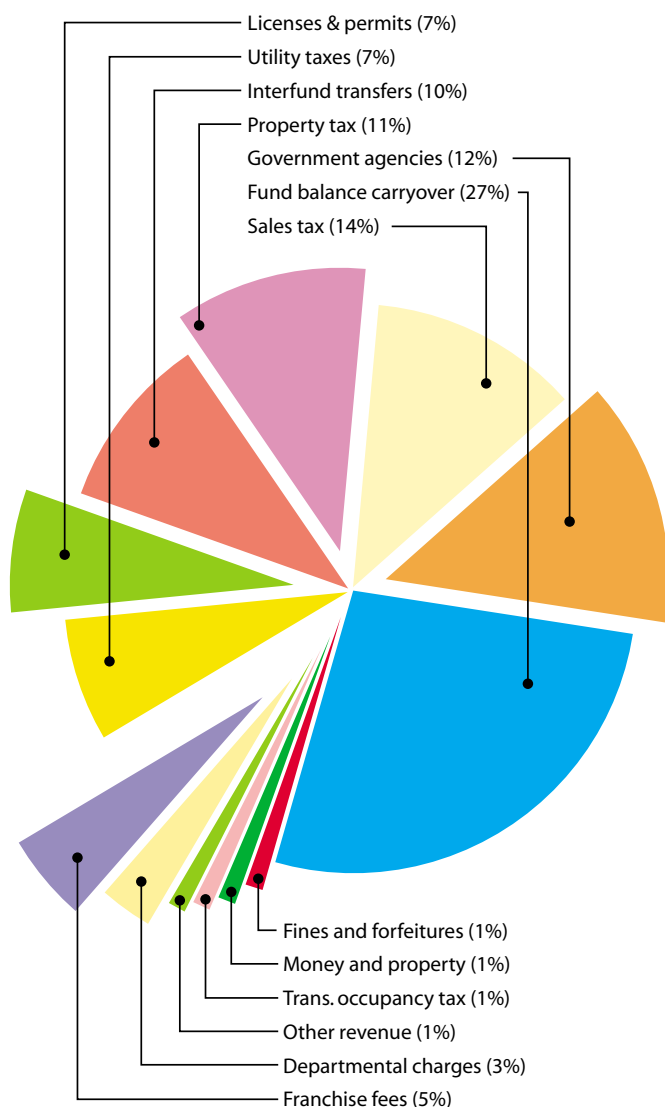
Awarded to the City of San José by the Government Finance Officers Association (GFOA) of the United States and Canada for the preparation of the annual budget document with special performance measure recognition.

Award for Excellence in Operational Budgeting and Capital Budgeting

Issued to the City of San José by the California Society of Municipal Finance Officers recognizing our annual budget document and the underlying budgeting process through which the budget is implemented.

financial highlights – 2005–2006 revenue sources

2005-2006 revenue sources



General Fund

Property Tax	143,996,000
Sales Tax	135,243,000
Transient Occupancy Tax	6,450,000
Franchise Fees	33,138,000
Utility Tax	67,844,000
Licenses and Permits	72,269,830
Fines and Forfeitures	12,695,000
Rev. from Money and Property	6,217,454
Rev. from Local Agencies	41,928,346
Rev. from State Government	10,892,192
Rev. from Federal Government	9,854,456
Departmental Charges	27,366,083
Other Revenue	19,562,861
Prior Year Fund Balance	158,909,180
Transfers and Reimbursements	95,321,831

Total General Fund

841,688,233

Enterprise Funds

Airport	464,495,222
Parking	23,858,784
Waste Water Treatment Plant	194,788,812
Municipal Water	28,042,033

Total Enterprise Funds

711,184,851

Special Revenue Funds

Internal Services	113,707,565
Anti-Tobacco Master Settlement	
Agreement Rev. Fund	18,809,089
Community Dev. Block Grant Fund	21,684,088
Conventions & Cultural Affairs Fund	14,278,451
Emergency Comm. System Support Fee	19,800,000
Gas Tax	17,000,000
Housing	118,935,097
Integrated Waste Management Fund	91,303,068
Library Parcel Tax Fund	6,814,089
Special Assessments	12,347,097
Storm Sewer Operating Fund	18,586,602
Transient Occupancy Tax Fund	11,344,383
Other	53,044,314

Total Special Revenue Funds

517,653,843

Capital Improvement Program Funds

Fund Balances	704,678,912
Sale of Bonds	120,025,000
Fees and Charges	44,751,000
Revenue from Other Gov. Agencies	41,908,265
Contributions, Loans & Transfers	198,163,594
Interest Income	7,028,000
Other	52,121,000

Total Capital Improvement Funds

1,168,675,771

TOTAL SOURCE OF FUNDS (GROSS)	3,239,202,698
LESS INTERFUND TRANSFERS	[574,677,127]

TOTAL SOURCE OF FUNDS (NET)

2,664,525,571

financial highlights – 2005-2006 general fund uses

General Government

Mayor and City Council	7,853,784
Manager	8,644,789
Emergency Services	256,539
Economic Development	4,720,908
Attorney	11,694,252
Auditor	2,216,599
Independent Police Auditor	695,990
Clerk	2,355,162
Redevelopment Agency	1,414,425
Finance	9,773,059
Employee Services	5,652,582
Information Technology	14,133,772
Encumbrances	3,357,701

TOTAL General Government 72,769,562

Public Safety

Police	237,774,929
Fire	125,606,600
Encumbrances	2,038,014

TOTAL Public Safety 365,419,543

Capital Maintenance

General Services	20,267,268
Public Works	6,741,895
Transportation	29,834,307
Encumbrances	2,449,467

TOTAL Capital Maintenance 59,292,937

Community Services

Environmental Services	1,471,889
Library	24,311,502
Planning, Building & Code Enforcement	33,117,814
Parks, Rec. & Neighborhood Services	50,743,654
Encumbrances	3,275,081

TOTAL Community Services 112,919,940

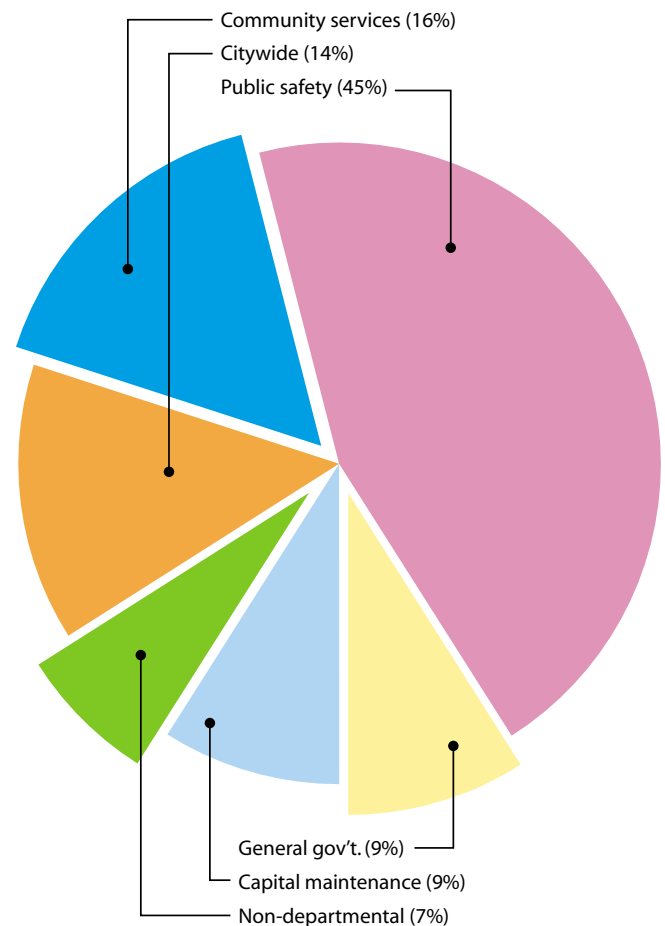
Citywide

Citywide Expenses	115,538,402
Capital Projects	14,359,594
Transfers to Other Funds	3,509,431
Earmarked Reserves	85,845,485
Encumbrances	12,033,339

TOTAL Citywide 231,286,251

Total General Fund Expenditures 841,688,233

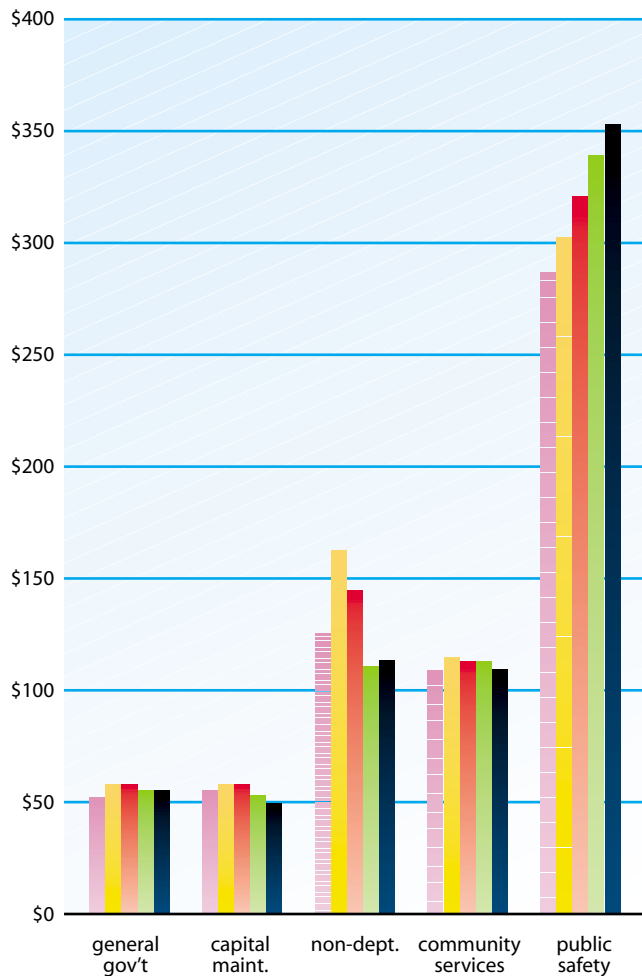
2005-2006 general fund uses



financial highlights

5 year comparison of general fund uses

(in millions)



2000-2001 Actual
 2001-2002 Actual
 2002-2003 Actual
 2003-2004 Actual
 2004-2005 Actual

2005-2006 non general fund uses

Enterprise Funds

Airport	64,495,222
Parking	23,858,784
Waste Water Treatment Plant	194,788,812
Municipal Water	28,042,033

TOTAL Enterprise Funds

711,184,851

Special Revenue Funds

Internal Services	113,707,565
Community Develop. Block Grant Fund	21,684,088
Conventions & Cultural Affairs Fund	14,278,451
Emerg. Comm. System Support Fee Fund	19,800,000
Gas Tax	17,000,000
Housing	118,935,097
Integrated Waste Management Fund	91,303,068
Library Parcel Tax Fund	6,814,089
Special Assessments	12,347,097
Storm Sewer Operating Fund	18,586,602
Transient Occupancy Tax Fund	11,344,383
Other	71,853,403

TOTAL Special Revenue Funds

517,654,843

Capital Improvement Program Funds

Airport	469,421,854
Civic Center	30,558,262
Parks	185,233,004
Sanitary Sewers	46,667,486
Traffic	69,055,143
Water Pollution Control Plant	55,180,673
Other	312,559,349

TOTAL Capital Improvement Funds

1,168,675,771

TOTAL USE OF FUNDS (GROSS)	3,239,202,698
LESS CONTRIBUTIONS & TRANSFERS	[574,677,127]

TOTAL USE OF FUNDS (NET)

2,662,525,571

2005-2006 budget figures used in this report are based on the 2005-2006 adopted budget. Actual revenues and expenditures for 2005-2006 will be available after the close of the fiscal year.



city council appointees and senior staff

Council Appointees

Barbara Attard	Independent Police Auditor
Del D. Borgsdorf	City Manager
Richard Doyle	City Attorney
Harry Mavrogenes	Redevelopment Agency Executive Director
Lee Price	City Clerk
Gerald Silva	City Auditor

City Manager's Office

Del D. Borgsdorf	City Manager
Mark Linder	Assistant City Manager
Terry Roberts	Deputy City Manager
Ed Shikada	Deputy City Manager
Kay Winer	Deputy City Manager
Dottie Disher	Customer Service Manager
Tom Manheim	Public Outreach Manager
Deanna Santana	Chief of Staff
Betsy Shotwell	Intergovernmental Relations

Senior Staff

Katy Allen	Public Works Director
John Bjurman	Chief Information Officer, Information Technology
Jeff Clet	Fire Chief
Rob Davis	Chief of Police
Mark Danaj	Employee Services Director
Frannie Edwards	Emergency Services Director
Alex Gurza	Employee Relations Director
Stephen M. Haase	Planning, Building & Code Enforcement Director
Jim Helmer	Transportation Director
Sara Hensley	Parks, Recreation & Neighborhood Services Director
Peter Jensen	Acting Director, General Services
Scott Johnson	Finance Director
Leslye Krutko	Housing Director
Paul Krutko	Economic Development Director
Jane Light	Library Director
Larry Lisenbee	Budget Office Director
Ed Overton	Retirement Director
Bill Sherry	Airport Director
John Stuffelbean	Acting Environmental Services Director



Inside cover aerials courtesy of the Santa Clara Valley Water District





10th Largest U.S. City

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Customer Service Call Center

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www.sanjoseca.gov

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